

My name is Paul Stauder. I am a financial advisor with Stauder Barch & Associates in Ann Arbor and I work with schools and municipalities throughout Michigan. I have assisted in the planning and sale of municipal bonds for school districts here for the past 37 years. I recall the early years of the School Bond Loan Fund program and the sound mechanics that allowed it to serve school district needs while encouraging restraint. Those restraints have been lost along the way and we now have a program that, until 2012, didn't seem to have any boundaries.

The 2012 legislative changes to the SBLF program included mechanisms to push more of the tax burden of bond repayment back to the local level. A more logically structured program would have caused this much sooner. I am not saying I believe the 2012 changes are the right answer, I'm just saying that those changes will, by operation, cause a shift in program cash flow. However, it was believed by the school community that the 2012 changes would be given a few years to work before there was any deliberation on continuing with the cap or not. Yet 1077 is aimed at shutting down the loan program for the foreseeable future, preventing districts from receiving the important assistance it provides for many years to come.

While this Bill would be very effective in shutting down loan demand due to the cap imposed, it would do so at the expense of the many districts that will need its assistance in the years to come. Treasury's projections indicate that it may be decades before we reach a point when the loan program would be accessible again. This will directly infringe upon the ability of dozens if not hundreds of schools across the State, to manage their capital improvement demands in a manner consistent with districts currently utilizing the program. We are opposed to a permanent cap on the program and also believe there are alternative millage computation methods that can balance state and local interests over the long run.

Thank you